



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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September 14, 2005

John L. Conroy
Verizon Massachusetts
185 Franklin Street
Boston, MA 02110

RE: Performance Assurance Plan 2004 Audit - D.T.E. 03-50
Final Report Letter Order - Second PAP Audit

Dear Mr. Conroy:

On June 29, 2005, Ernst & Young LLP ("E&Y") issued to the Department of Telecommunications and Energy ("Department") its "Report of Independent Accountants," and Verizon New England Inc. d/b/a Verizon Massachusetts' ("Verizon") "Report of Management on Compliance with the Performance Assurance Plan Verizon Massachusetts" ("Final Reports") for the second annual audit of Verizon's Performance Assurance Plan ("PAP"). See Order Adopting Performance Assurance Plan, D.T.E. 99-271, at 33 (September 5, 2000) (established a requirement that Verizon's PAP data and reporting be audited by an independent auditor on an annual basis). The Department finds that the 2004 PAP audit satisfies Verizon's audit requirements for the years 2003 and 2004.

The purpose of the audit was to review and assess Verizon's compliance with the data and reporting requirements within the PAP during the period from September 1, 2004 through September 30, 2004. Letter of Engagement from Ernst & Young LLP to Verizon (February 11, 2005). E&Y evaluated the data collection processes used by Verizon in reporting its performance metrics. See E&Y Scope and Approach (June 2005). E&Y's testing focused on whether the reported results were complete and accurate, and whether the underlying processes and systems used by Verizon for data collection were effective (*id.*). The following processes were included within the scope of E&Y's audit: (1) data collection, (2) data retention and security, (3) data transformation (application of metric guidelines), (4) result calculation and

scoring, (5) bill credit calculation, and (6) result publication (id.). E&Y also filed with the Department a "Summary of Examination Approach," outlining the process employed by the auditors for this audit. E&Y concluded that Verizon management's assertion that Verizon complied with the requirements set forth in the Performance Assurance Plan Verizon Massachusetts during the period from September 1, 2004 through September 30, 2004 is fairly stated, in all material respects.

The Department has reviewed the Final Reports and concludes that Verizon is in full compliance with the PAP. Accordingly, no substantive changes in Verizon's PAP compliance procedures are necessary or appropriate. The Department will post the Final Reports and the "Summary of Examination Approach" on its website. Verizon is directed to distribute the Final Reports and the "Summary of Examination Approach" to the service list in D.T.E. 03-50.

By Order of the Department,

_____/s/_____
Paul G. Afonso, Commissioner

_____/s/_____
James Connelly, Commissioner

_____/s/_____
W. Robert Keating, Commissioner

_____/s/_____
Judith F. Judson, Commissioner

cc: Mary Cottrell, Secretary
Andrew O. Kaplan, General Counsel
Michael Isenberg, Director, Telecommunications Division